



LEGISLATIVE UPDATE

September 18, 2015

Governor McCrory signed the [budget](#) today. Following months of work, negotiations, setbacks, snags, and anticipation, there is finally a state budget. Among the many line items, there are winners and losers as always; but at least the job is done.

Additionally, there appears to be an agreement for the General Assembly to adjourn by September 30 – just eight short legislative days away. Therefore, these final days will be jam-packed with rapid-fire action on bills, impromptu Committee meetings, and the final all-call to get legislation through the closing chute of Session.

Final Budget/K-12 Highlights

(This list and chart below do not reflect all K-12 spending items. Please read the full Money Report [here](#) for comprehensive details. See the above link for the full budget with special provisions. Also, for K-12 budget and salary analysis, please see DPI's Financial & Business Services [website](#) under "What's New" "Comparison of the 2015-16 Proposed Budgets.")

1. Fully funds student enrollment growth.
2. \$750 one-time bonus for all state funded personnel (e.g., teachers, central office, school-based administrators, non-certified, and state employees employed as of November 1, 2015) to be payable in December of this year.
3. Increases beginning teacher salaries to \$35,000 (*see* salary schedule in chart below).
4. Experienced-based step increases are given to teachers and school administrators.
5. Teaching Assistants (TAs): Maintains 2014-15 level of funding, with a change to the funding formula, and requires that all money spent from this allotment be used for TAs only. This budget precludes the prior flexibility of using TA monies for teaching positions or other uses, including the current school year.
6. Driver Education: Reinstates 2014-15 level of state funding and provides for future funding to continue from the state's Civil Penalty and Forfeiture Fund (*see* Section 5.3 of Budget).
7. Textbooks and Digital Resources: Increases by \$21.82 million in 2015-16 and \$31 million in 2016-17. Total funding in 2015-16 is \$52.4 million.
8. School Connectivity: Funds further work to bring broadband connectivity to all schools and reliable connectivity to classrooms. Total state funding in 2015-16 will be \$21.9 million (not including e-rate dollars).
9. Pre-K: Funding remains roughly the same as 2014-15.
10. DPI: Cuts agency budget by \$2.5 million.
11. Reading camps: Expands funding for struggling readers in 1st and 2nd grade. 3rd grade retention provisions remain the same; no retention provisions for 1st or 2nd graders.
12. County LEA consolidation: Authority is given to SBE to merge/consolidate county school districts that share a border.

13. Leandro and low-performing schools: Redefinition of “low-performing schools” and a new “low-performing district” classification, requiring development of remedial action plans by local boards of education.
14. Eligible retirees rehired into full-time nonpermanent positions will be allowed to maintain retiree health coverage through the State Health Plan, and not forced to elect the “bronze” coverage. Employing unit (i.e., LEA) will be required to pay the costs.
15. Principal Preparation: Creates a new competitive grant program for principal development to be administered by the State Education Assistance Authority with an unnamed private, nonprofit corporation (\$500,000 in 2015-16; \$1 million in 2016-17).
16. Opportunity Scholarships: Increases funds by \$6.8 million in 2015-16, \$14 million in 2016-17.

Select K-12 Expansion Items (not exhaustive)		FY 2015-16		FY 2016-17	
1. Compensation Increase Reserve – Educators		62,171,653 R 79,521,583 NR		62,171,653 R	
Funds a \$750 bonus for educators and ensures that certain bonuses received in FY 2014-15 are continued under hold harmless provisions. Funds several changes to the teacher salary schedule, including an increase in starting pay from \$3,300 to \$3,500 per month (from \$33,000 to \$35,000 per year for a 10-month teacher), an experience-based step increase for all eligible teachers, and a sixth tier for school psychologists, speech pathologists, and audiologists. Below is a comparative chart reflecting experience-based step increases and the corresponding salary changes from last year to this year:					
<p style="text-align: center;"><u>Teacher Salary Schedule (Bachelor) Changes for 2015-16</u> (Reflects experience-based step increases and salary changes for this year)</p>					
<u>Years of Experience</u>		<u>Monthly Salary (\$)</u>		<u>Increase (\$)</u>	<u>Increase (%)</u>
2014-15	2015-16	2014-15	2015-16	(per month)	
0-3	1-4	3,300	3,500	200	6.1
4	5	3,300	3,650	350	10.6
5-8	6-9	3,650	3,650	---	---
9	10	3,650	4,000	350	9.6
10-13	11-14	4,000	4,000	---	---
14	15	4,000	4,350	350	8.8
15-18	16-19	4,350	4,350	---	---
19	20	4,350	4,650	300	6.9
20-23	21-24	4,650	4,650	---	---
24	25	4,650	5,000	350	7.5
25+	25+	5,000	5,000	---	---
2. Compensation Increase Reserve – SBAs		4,550,919 R 3,599,248 NR		4,550,919 R	
Funds a \$750 bonus for school-based administrators and for an experience-based step increase for SBAs earning a year of creditable experience. Funds are also appropriated to					

continue the bonus granted in FY 2014-15 for SBAs who did not receive a salary increase in that year; this bonus shall continue to be paid monthly.		
3. Compensation Increase Reserve – LEA Personnel	39,781,698 NR	
Funds a \$750 one-time bonus for central office and non-certified LEA personnel (not be considered part of an employee's annual salary or base rate of pay for retirement purposes).		
4. Compensation Increase Reserve – DPI	216,430 R 676,818 NR	
Funds a \$750 one-time bonus for employees (not be considered part of an employee's annual salary or base rate of pay for retirement purposes). Also funds teacher salary changes that affect agency teachers within DPI.		
5. State Retirement Contributions – LEA Personnel	6,308,775 R	6,308,775 R
Increases contribution to the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total appropriation across all sections in the committee report is \$11M in the 2015-17 fiscal biennium.		
6. State Health Plan – LEA Personnel	14,124,040 R	14,124,040 R
Additional funds to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.		
7. Average Daily Membership (ADM)	100,236,542 R	207,195,864 R
Revises allotted ADM to reflect an estimated 17,338 more students in school year 2015-2016 and 17,701 in school year 2016-2017.		
8. Teacher Assistants (TAs)	138,134,525 R	138,134,525 R
Funds the FY 2014-15 level of support with a revised allotment formula. Additional funds are in the ADM item that increases overall support for TAs due to increased student headcount. \$377.1M will be available in this allotment in FY 2015-16 and FY 2016-17.		
9. Driver Training	24,120,000 NR	
Funds Driver Training programs with state funds that are administered by LEAs. In FY 2016-17, Civil Fines and Forfeitures will provide state support for this item.		
10. Textbooks and Digital Resources	21,820,000 R	31,030,837 R
Increases funding for textbooks and digital resources, bringing total funding for this allotment to \$52.4M in FY 2015-16 and \$62.0 million in FY 2016-17. These total amounts include \$6M added from the Indian Gaming Education Revenue over the biennium. See Budget Section 5.4.		
11. School Connectivity Initiative	2,000,000 R	12,000,000 R
Additional funding to bring broadband connectivity to all K-12 public school buildings in the state. New funds are for enhancement of school-level internal Wi-Fi networks to provide connectivity in the classroom. Total State funding for School Connectivity will total \$21.9M in		

FY 2015-16 and \$31.9M in FY 2016-17.		
12. Increased Funding for Classroom Teachers		26,898,798 R
Beginning in FY 2016-17, provides additional funds for guaranteed Classroom Teacher positions in 1 st grade to decrease the appropriated teacher:student ratio to 1:16.		
13. ADM Contingency Reserve	2,500,000 R	2,500,000 R
Funds for the ADM Contingency Reserve to offset potential costs to LEAs associated with the two virtual charter school pilots beginning operations in the 2015-16 school year. Total support for the reserve will be \$8.8 million.		
14. Reading Camp Expansion for 1st and 2nd Grade	20,000,000 R	20,000,000 R
Funds to expand <i>Read to Achieve</i> reading camps to serve 1 st and 2 nd graders (in addition to 3 rd graders). Based on related provision, newly eligible camp participants will be 1 st and 2 nd grade students who demonstrate below grade level reading comprehension.		
15. Excellent Public Schools Act	3,812,141 R	8,520,748 R
Additional funds provided to DPI to carry out elements of the Excellent Public Schools Act (S.L. 2012-142), including <i>Read to Achieve</i> . DPI will have \$41.8M to implement these requirements in FY 2015-16 and \$46.5M in FY 2016-17.		
16. Opportunity Scholarships	6,800,000 R	14,000,000
Increases funds for the Opportunity Scholarship program. Total program funding will be \$17.6M in FY 2015-16 and \$24.8M in FY 2016-17.		
17. Special Education Scholarships	250,000 R	250,000 R
Increases funds for the Special Education Scholarship program by 6%. Total funding after this adjustment will be \$4.2M.		

Relevant Bills on the Floor This Week:

[HB 334](#) Charter School & Other Education Law Changes (*formerly* “Transfer Office of Charter Schools”)

This week, the House and Senate approved a conference report on HB 334. It now goes to the Governor’s desk. Since the last time this bill was reported on, it has changed substantially. The bill previously would have established the Office of Charter Schools (OCS) in statute under SBE, moving it out of DPI, and would have made various other changes to charter school statutes. Related or amended provisions are still present, plus many modified provisions from [SB 456](#), amongst others. As amended by the conference report, the bill would:

1. Make changes to membership requirements of the Charter School Advisory Board (CSAB), as follows:
 - Establishes the SBE member on CSAB as a non-voting member.
 - Requires SBE to appoint a member of CSAB that is a charter school advocate; appointee cannot be a current member of SBE.

- The CSAB chair, or designee thereof, will be responsible for advocating for the recommendations of CSAB to SBE.
2. Establishes OCS in statute, setting certain requirements, as follows:
 - Administratively located in DPI, “subject to the supervision, direction, and control of SBE.”
 - OCS must have an executive director appointed by SBE who reports to and serves at the pleasure of SBE
 - Serve as staff to CSAB.
 - Provide technical assistance and guidance to state charter schools.
 - Provide technical assistance and guidance to charter school applicants.
 - Provide or arrange training for charter schools that have received preliminary approval from SBE.
 - Assist approved charter schools and charter school applicants in coordinating services with DPI.
 - Perform other duties assigned by SBE.
 - Directs all state agencies to cooperate with OCS.
 - Directs SBE to appoint the executive director upon the recommendation of a specified search committee.
 3. Raises from 65 to 80 the minimum number of students that a charter school must enroll, unless there is a compelling reason for fewer students (i.e., the school would serve a geographically remote and small student population).
 4. Statutorily permits a charter to school to use a weighted lottery for student selection, but requires a school wishing to use a weighted lottery to state so in its application for SBE approval. Clarifies that a charter school cannot limit admission on the basis of race, creed, national origin, religion, or ancestry.
 5. Requires timely notification to a non-profit corporation seeking a charter of any “format issues or incomplete information” in the initial charter application and provides the applicant with at least five business days to correct those issues. Also, before taking action on a charter application, renewal, nonrenewal, or revocation, CSAB must provide an opportunity for the affected party to address the body.
 6. Clarifies that SBE shall renew a charter upon request of the chartering entity for subsequent periods of 10 years, unless one of the following applies:
 - The school has not provided sound audits for the prior three years.
 - The school's academic outcomes for the past three years have not been comparable to those of the LEA where the charter school is located.
 - The school is not, “at the time of the request for renewal of the charter, substantially in compliance with State law, federal law, the school's own bylaws, or the provisions set forth in its charter....”
 7. Currently, an enrollment increase beyond 20% of the previous year requires a “material revision” of a school’s charter. For such an expansion, this bill would further require the school to be “substantially in compliance with State law, federal law, the charter school's own bylaws, and the provisions set forth in its charter....”
 8. Clarifies that it is not a material revision for a school to expand by offering one grade below what is currently offered (currently law allows only one grade above). Also,

adds a requirement that expansion may only occur if the school is in financial compliance as required by SBE.

9. Requires charter schools to adopt a conflict of interest and anti-nepotism policy that includes the requirements of Chapter 55A of the General Statutes related to conflicts of interest. The policy must require that, before an immediate family member of any board member or supervising employee is hired or contracted with, the proposed employment/contract be disclosed and approved by the charter's board in an open meeting.
10. Local boards of education would also be required to adopt a conflict of interest and anti-nepotism policy. The policy must require that before an immediate family member of any board of education member or central office staff administrator (including directors, supervisors, specialists, staff officers, assistant superintendents, area superintendents, superintendents, or principals) is hired or contracted with, the proposed employment/contract be disclosed and approved by the local board in a duly called open session meeting. The burden of disclosure would be on the applicable board member or central office staff administrator.
11. Current statute regarding the fees that a charter school may charge its students is clarified to allow: (1) any fees that are charged by the LEA where the school is located; and (2) fees for extracurricular activities, to not exceed those for the same activities charged by an LEA in which at least 40% of the school's students reside.
12. An existing statutory requirement that every charter school maintain \$50,000 in reserve funds for potential closure proceedings is amended to require the reserve only for schools that participate in the State Retirement System.
13. SBE is additionally directed to undertake various assignments, as follows:
 - Develop a proposed policy regarding circumstances when a charter school should be subject to maintaining the \$50,000 closure reserve.
 - Based on recommendations from CSAB, amend existing process and rules for fast-track replication to allow replication of EMO-backed schools with at least one years of experience in North Carolina.
 - Report to the Legislature regarding the allocation of allotments for schools that increase enrollment greater than 20%
 - Adopt a policy on the process for determining if school is in "substantial compliance" as required in several provisions within this bill.
 - Based on recommendations from CSAB, adopt a policy on the submission of certain proposed rules and other guidance related to charter schools for review by CSAB and a requirement for CSAB to provide recommendations on those matters.
14. There is also a change to the "reevaluation" process for those students eligible for the Special Education Scholarships, unrelated to charter school law. This provision sets up a new option, outside the three-year formal reevaluation process provided by LEAs, for parents to have their child re-assessed only for purposes of scholarship eligibility by a "licensed psychologist with a school psychology focus" (not to be confused with an official school psychologist) to determine, among other things, whether the student would "continue to benefit from placement in a nonpublic school setting."

[HB 792](#) Privacy/Protection From Revenge Postings

On Wednesday and Thursday, respectively, the House and Senate gave final legislative approval to the conference report for HB 792. It will now go to the Governor's desk. The bill makes it a Class H felony to distribute nude or sexual photos obtained "within the context of a personal relationship" and without consent of the person depicted. For those under 18, it would result in a Class 1 misdemeanor for a minor's first offense. If someone under 18 commits a subsequent or second offense, it will be bumped up to the Class H felony. The law will apply to people who are in a "personal relationship" under G.S. 50B-1, which includes those in opposite sex relationships, including dating relationships. The bill further specifies that it will apply only to images where the depicted person shares the picture with someone they have a personal relationship with, and has a reasonable expectation that the disclosure will not go past that relationship. The statute of limitations on bringing an action under these provisions is four years after the last disclosure.

Relevant Bills in Committee This Week:

[SB 279](#) Amend Qualifications/Practice of Counseling

On Tuesday, the House Committee on Rules amended and approved SB 279, and the House further amended the bill on Wednesday and passed it. The Senate is scheduled to consider House changes on Monday, September 21. The bill makes changes to the current qualifications for counselors. It allows for those with master's degrees in counseling to receive a title of "licensed professional counselor associate." This expands current law to allow professionals who have completed their degree at an accredited university to receive this title and practice counseling. The bill further amends the reproductive health and safety education statute by expanding the "experts" who determine which materials are acceptable for classroom use to experts in the fields of "sexual health education, adolescent psychology, behavioral counseling, medicine, human anatomy, biology, ethics, or health education." This specific provision expands current law from the requirement that the credentialed expert simply be a "sexual health education expert." Finally, the bill adds that school districts shall teach sex trafficking prevention and awareness during sexual health education. It requires LEAs to collaborate with "a diverse group of outside consultants" including law enforcement, with a requirement to have a law enforcement referral protocol for high-risk students and minors. Local law enforcement agencies, criminal justice agencies, and non-governmental agencies are permitted to provide materials to local LEAs to distribute to students.

Other Bills with Action This Week:

[HB 112](#) Stanly County Board of Education Election Method

- Unchanged and approved by Senate

[HB 188](#) Trustee Appointments/Isothermal Comm. College

- Amended in Senate Rules Committee
- Senate passed revised bill
- House passed Senate revised bill
- Presented to Governor

[HB 482](#) Employee Misclassification Reform

- Amended in Senate Rules Committee
- Senate passed revised bill
- Now assigned to House Rules Committee

[HB 503](#) Moore County Community College and Board of Education Changes

- Unanimously passed by House, previously unanimously approved by Senate

[HB 527](#) Omnibus Local Act

- Unanimously pass the House
- Amended in Senate Rules Committee
- Placed on the Senate Calendar for Monday, September 21

[HB 709](#) NC National Guard Tuition Assistance Benefit Amendment

- Conference report approved unanimously by House and Senate
- Presented to Governor

[SB 400](#) School Access for Boy Scouts/Girl Scouts

- Approved by Senate Rules Committee
- Unchanged and passed unanimously by Senate
- Presented to Governor

Meetings Next Week (September 21-25):

Monday September 21

- 10:00 AM House Session
- 10:30 AM Senate Session
- 1:00 PM [Academic Standards Review Commission](#)
- 4:00 PM Senate Finance

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